



# County of Los Angeles CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN  
Chief Administrative Officer

October 18, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF NORWALK REQUEST FOR  
SUBORDINATION OF PASS-THROUGH PAYMENTS TO COUNTY TAXING ENTITIES ON THE  
NORWALK PROJECT AREA NO. 3 REDEVELOPMENT PROJECT  
(FOURTH DISTRICT) (3 VOTES)**

**JOINT RECOMMENDATION OF THE CHIEF ADMINISTRATIVE OFFICER, THE DIRECTOR OF  
PUBLIC WORKS, AND THE FIRE CHIEF THAT YOUR BOARD:**

Approve a Resolution subordinating the County of Los Angeles', Flood Control District's and Fire Department's right to receive pass-through payments from the Community Redevelopment Agency of the City of Norwalk's (Agency) Project Area No. 3 Redevelopment Project (Project) to Agency's 2005 tax allocation bonds (Bonds).

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Project was adopted on February 26, 2002. The Agency is preparing to issue bonds for the purpose of financing a portion of redevelopment activities. The subordination is required by law on a timely Agency request and showing that sufficient funds to pay both debt service and pass-through payments to affected taxing agencies will be available when payments are due.

**Implementation of Strategic Plan Goals**

This action supports the following County Strategic Plan Goal:

Goal 4: Fiscal Responsibility: Strengthen the County's fiscal capacity.

**FISCAL IMPACT/FINANCING**

Health and Safety Code Section 33607.5(e) provides that pass-through payments to taxing entities may be subordinated to the Agency's payments for debt service. The County may disapprove a request for subordination only if it finds, based on substantial evidence, that the Agency will not be able to pay both the debt service payments and the pass-through payments to the affected taxing entities. The Agency's tax increment projections, reviewed by CAO and Auditor-Controller staff, indicate that there will be sufficient coverage to satisfy the debt service on the Bonds, and the required pass-through payments to the taxing entities.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS**


Section 33607.5(e)(3) provides: "If the affected taxing entity does not act within 45 days after receipt of the agency's request, the request to subordinate shall be deemed approved and shall be final and conclusive." Accordingly, failure to act within the 45 days after receipt of the Agency's request (October 30, 2005) would constitute County approval of the Agency's request to subordinate to the Bonds.

**CONCLUSION**

At such time as the recommendation is approved by your Board, please return one copy of this letter and Resolution to the Chief Administrative Office, Office of Unincorporated Area Services and Special Projects, and one copy of the letter and Resolution to the Auditor-Controller, Tax Division.

Respectfully submitted,

  
\_\_\_\_\_  
DAVID E. JANSSEN  
Chief Administrative Officer

  
\_\_\_\_\_  
DONALD L. WOLFE  
Director of Public Works

  
\_\_\_\_\_  
P. MICHAEL FREEMAN  
Fire Chief

DEJ:DLW:PMF  
MKZ:RTM:ib

Attachment

c: Auditor-Controller  
County Counsel  
Assistant City Manager, City of Norwalk

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF  
LOS ANGELES TO SUBORDINATE THE COUNTY TAXING ENTITIES' RIGHT TO RECEIVE  
PASS-THROUGH PAYMENTS TO THE REDEVELOPMENT AGENCY  
OF THE CITY OF NORWALK PROJECT AREA NO. 3 REDEVELOPMENT PROJECT**

**WHEREAS**, the City Council of the City of Norwalk on February 26, 2002 adopted a Redevelopment Plan for the Norwalk Area No. 3 Project (the "Project"); and

**WHEREAS**, the Community Redevelopment Agency of the City of Norwalk (the "Redevelopment Agency") on September 15, 2005 by letter advised its intention to issue a series of tax allocation bond issues (the "2005 Bonds") payable from and secured by a pledge of certain Project tax increment revenues, and requested of the County of Los Angeles (the "County"), the Los Angeles County Consolidated Fire Protection District ("the Fire District"), and the Los Angeles County Flood Control District ("the Flood Control District") that any and all payments which the County, the Fire District, and the Flood Control District are entitled to receive pursuant to Health & Safety Code Section 33607.5 ("Section 33607.5") from the Project be subordinated to the Agency's payments of principal and interest on the 2005 Bonds; and

**WHEREAS**, the requested subordination does not lessen or eliminate the Agency's obligation to make the required payments to the County, the Fire District, and the Flood Control District under Section 33607.5 and is intended to permit the Agency to obtain a higher credit rating on its bonds and thus lower the Agency's financing costs; and

**WHEREAS**, Section 33607.5 provides that at the time the redevelopment agency requests an affected taxing entity to subordinate the amount to be paid to it, the agency must provide substantial evidence that sufficient funds will be available to pay both the debt service and the required payments to the taxing entity, that the taxing entity must approve or disapprove the request for subordination within 45 days after the receipt of a letter requesting subordination, and that the taxing entity may disapprove the request only if it finds, based upon substantial evidence, that the agency will not be able to pay the debt payments and the amount required to be paid to the taxing entity under Section 33607.5; and

**WHEREAS**, the Agency has presented evidence demonstrating its ability to make the required payments to the County, the Fire District, and the Flood Control District after payment of debt service on the Project 2005 Bonds.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board of Supervisors of the County of Los Angeles that:

The County, the Fire District, and the Flood Control District hereby agree that so long as the Project 2005 Bonds remain outstanding, any and all payments which the County, the Fire District, and the Flood Control District are entitled to receive from the Project pursuant to Section 33607.5 shall be and shall remain subordinate to the payments pledged from the Project to pay the principal of and interest on the 2005 Bonds.

Subordinate the County's Right to Receive  
Pass-Through Payments to the Redevelopment  
Agency of the City of Norwalk Area No. 3 Redevelopment Project  
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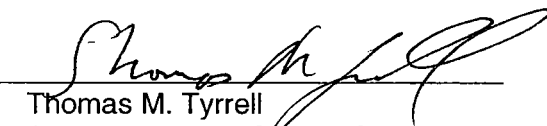
The foregoing resolution was on the \_\_\_\_ day of October 2005, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies, and authorities for which the Board so acts.

VIOLET VARONA-LUKENS  
Executive Officer-Clerk of the Board of  
Supervisors of the County of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.  
County Counsel

By   
Thomas M. Tyrrell  
Principal Deputy County Counsel